

AMENDED IN ASSEMBLY JUNE 8, 2006
AMENDED IN ASSEMBLY APRIL 24, 2006
AMENDED IN ASSEMBLY FEBRUARY 14, 2006
AMENDED IN ASSEMBLY JUNE 22, 2005
AMENDED IN SENATE APRIL 18, 2005

SENATE BILL

No. 503

Introduced by Senator Figueroa

February 18, 2005

An act to amend Sections 5076 and 5134 of the Business and Professions Code, relating to accountants, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 503, as amended, Figueroa. Accountants: peer review: fees.

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy, in the Department of Consumer Affairs. Existing law requires a firm that provides attest services, as defined, other than a sole proprietor or a small firm, to meet specified peer review requirements prior to the first registration expiration date after July 1, 2008. Existing law requires the board to review whether to implement the peer review program in light of changes in federal and state law or regulations or professional standards, and to report its findings to the Legislature by September 1, 2005. Existing law sets specified fees to be charged by the board.

This bill would require a firm that provides attest services to meet the peer review requirements within 3 years of the commencement of

the peer review program, rather than prior to the first registration expiration date after July 1, 2008. The bill would revise the board's review and reporting requirement to instead require the board to review and evaluate whether to implement the program and to report its findings and recommendations to the Legislature and the department no later than September 1, ~~2009~~ 2011. The bill would require the board, if it determines that the peer review program should be implemented, to identify the resources necessary for implementation and recommend a date for commencement of the program. The bill would revise the fees to be charged by the board.

Because this bill may increase fees deposited into the Accountancy Fund, a continuously appropriated fund, it would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5076 of the Business and Professions
2 Code is amended to read:
3 5076. (a) In order to renew its registration, a firm providing
4 attest services, other than a sole proprietor or a small firm as
5 defined in Section 5000, shall complete a peer review within
6 three years of the commencement of the peer review program
7 and no less frequently than every three years thereafter.
8 (b) For purposes of this article, the following definitions
9 apply:
10 (1) "Peer review" means a study, appraisal, or review
11 conducted in accordance with professional standards of the
12 professional work of a licensee or registered firm by another
13 licensee unaffiliated with the licensee or registered firm being
14 reviewed. The peer review shall include, but not be limited to, a
15 review of at least one attest engagement representing the highest
16 level of service performed by the firm and may include an
17 evaluation of other factors in accordance with requirements
18 specified by the board in regulations.
19 (2) "Attest services" include an audit, a review of financial
20 statements, or an examination of prospective financial
21 information, provided, however, "attest services" shall not
22 include the issuance of compiled financial statements.

1 (c) The board shall adopt regulations as necessary to
2 implement, interpret, and make specific the peer review
3 requirements in this section, including, but not limited to,
4 regulations specifying the requirements for the approval of peer
5 review providers, and regulations establishing a peer review
6 oversight committee.

7 (d) The board shall review and evaluate whether to implement
8 the program specified in this section and shall report its findings
9 and recommendations to the Legislature and the department no
10 later than September 1, 2009, ~~as part of the review required by~~
11 ~~Division 1.2 (commencing with Section 473) 2011.~~ If the board
12 determines that the program specified in this section should be
13 implemented, the board shall identify the resources necessary for
14 implementation and recommend a date when the program shall
15 commence.

16 SEC. 2. Section 5134 of the Business and Professions Code is
17 amended to read:

18 5134. The amount of fees prescribed by this chapter is as
19 follows:

20 (a) The fee to be charged to each applicant for the certified
21 public accountant examination shall be fixed by the board at an
22 amount not to exceed six hundred dollars (\$600). The board may
23 charge a reexamination fee not to exceed seventy-five dollars
24 (\$75) for each part that is subject to reexamination.

25 (b) The fee to be charged to out-of-state candidates for the
26 certified public accountant examination shall be fixed by the
27 board at an amount not to exceed six hundred dollars (\$600) per
28 candidate.

29 (c) The application fee to be charged to each applicant for
30 issuance of a certified public accountant certificate shall be fixed
31 by the board at an amount not to exceed two hundred fifty dollars
32 (\$250).

33 (d) The application fee to be charged to each applicant for
34 issuance of a certified public accountant certificate by waiver of
35 examination shall be fixed by the board at an amount not to
36 exceed two hundred fifty dollars (\$250).

37 (e) The fee to be charged to each applicant for registration as a
38 partnership or professional corporation shall be fixed by the
39 board at an amount not to exceed two hundred fifty dollars
40 (\$250).

1 (f) The board shall fix the biennial renewal fee so that,
2 together with the estimated amount from revenue other than that
3 generated by subdivisions (a) to (e), inclusive, the reserve
4 balance in the board's contingent fund shall be equal to
5 approximately nine months of annual authorized expenditures.
6 Any increase in the renewal fee shall be made by regulation upon
7 a determination by the board that additional moneys are required
8 to fund authorized expenditures and maintain the board's
9 contingent fund reserve balance equal to nine months of
10 estimated annual authorized expenditures in the fiscal year in
11 which the expenditures will occur. The biennial fee for the
12 renewal of each of the permits to engage in the practice of public
13 accountancy specified in Section 5070 shall not exceed two
14 hundred fifty dollars (\$250).

15 (g) The delinquency fee shall be 50 percent of the accrued
16 renewal fee.

17 (h) The initial permit fee is an amount equal to the renewal fee
18 in effect on the last regular renewal date before the date on which
19 the permit is issued, except that, if the permit is issued one year
20 or less before it will expire, then the initial permit fee is an
21 amount equal to 50 percent of the renewal fee in effect on the last
22 regular renewal date before the date on which the permit is
23 issued. The board may, by regulation, provide for the waiver or
24 refund of the initial permit fee where the permit is issued less
25 than 45 days before the date on which it will expire.

26 (i) On and after January 1, 2006, the annual fee to be charged
27 to an individual for a practice privilege pursuant to Section 5096
28 shall be fixed by the board at an amount not to exceed one
29 hundred twenty-five dollars (\$125).

30 (j) The fee to be charged for the certification of documents
31 evidencing passage of the certified public accountant
32 examination, the certification of documents evidencing the
33 grades received on the certified public accountant examination,
34 or the certification of documents evidencing licensure shall be
35 twenty-five dollars (\$25).

36 (k) The board shall fix the fees in accordance with the limits of
37 this section and on and after July 1, 1990 any increase in a fee
38 fixed by the board shall be pursuant to regulation duly adopted
39 by the board in accordance with the limits of this section.

1 *(l)* It is the intent of the Legislature that, to ease entry into the
2 public accounting profession in California, any administrative
3 cost to the board related to the certified public accountant
4 examination or issuance of the certified public accountant
5 certificate that exceeds the maximum fees authorized by this
6 section shall be covered by the fees charged for the biennial
7 renewal of the permit to practice.

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